

EXHIBIT 71

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF OHIO
3 EASTERN DIVISION

4 - - -
5 IN RE: NATIONAL : MDL NO. 2804
6 PRESCRIPTION OPIATE :
7 LITIGATION :

8 : CASE NO.
9 THIS DOCUMENT : 1:17-MD-2804
10 RELATES TO ALL CASES:

 : Hon. Dan A.
 : Polster

11 - - -
12 Thursday, December 13, 2018

13 - - -
14 HIGHLY CONFIDENTIAL - SUBJECT TO FURTHER
15 CONFIDENTIALITY REVIEW

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18

19 - - -
20 Videotaped deposition of
21 SHAUN ABREU, taken pursuant to notice,
22 was held at the law offices of Locke
23 Lord, LLP, Brookfield Place, 200 Vesey
24 St., 20th Floor, New York, New York
10281-2101, beginning at 9:06 a.m., on
the above date, before Amanda Dee
Maslynsky-Miller, a Certified Realtime
Reporter.

19

20 - - -
21

22

23

24 GOLKOW LITIGATION SERVICES
877.370.3377 ph| 917.591.5672 fax
deps@golkow.com

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1 (Whereupon, Exhibit
2 Schein-Abreu-6, Verification Team
3 Overview; July 2015, was marked
4 for identification.)
5 - - -
6 BY MR. MIGLIORI:
7 Q. Elia.
8 Who is she?
9 A. She works on my team.
10 Q. Do you recall -- it's a
11 July -- it's Exhibit Number 6. It's a
12 July 2015 PowerPoint, verifications team
13 overview.
14 Do you remember preparing
15 this?
16 A. 2015? I'm sure I did. I
17 don't recall specifically.
18 Q. That's you on the front
19 cover, anyway?
20 A. Yes.
21 Q. And it really goes into the
22 verification component of suspicious
23 orders, right? The second page is the
24 licensing requirements?

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1 A. Yes.
2 Q. And so part of verification
3 is that you have to make sure that your
4 doctors and customers, where applicable,
5 maintain state licensure, correct?
6 A. Correct.
7 Q. Do you know if Ohio -- it
8 says here, Example, Ohio.
9 Are you familiar with the
10 additional state requirements of state
11 licensure in Ohio?
12 A. Yes.
13 Q. What are they?
14 A. That a customer maintain a
15 terminal distributor of dangerous drugs
16 license, Category III, for controlled
17 substances.
18 Q. And does that change -- is
19 that any -- strike that.
20 Are your reporting
21 requirements different in Ohio because of
22 that requirement?
23 A. Sorry, I'm not sure I
24 understand the question.

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1 Q. Do you understand, as you
2 sit here today, that you have additional
3 reporting requirements to Ohio?
4 A. For?
5 Q. For controlled substances,
6 for the sale.
7 A. To report transactions?
8 Q. Yes.
9 A. Yes.
10 Q. Do you know how long that's
11 been in existence in Ohio?
12 A. No, I'm not sure.
13 Q. And, to your knowledge, has
14 Schein complied with that requirement?
15 A. Yes.
16 Q. Does Ohio have a suspicious
17 order monitoring -- a suspicious order
18 reporting requirement?
19 A. I believe so.
20 Q. And for all times that
21 you've -- that you -- going back to 1996,
22 or whenever the requirements started, has
23 Schein complied with the Ohio suspicious
24 order requirements?

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1 MR. JONES: Object to the
2 form. Scope. Calls for a legal
3 conclusion.
4 THE WITNESS: Yeah, I'm not
5 sure, going back.
6 BY MR. MIGLIORI:
7 Q. Have you looked for those
8 reporting -- that reporting data in Ohio?
9 A. No.
10 Q. All right. There's a
11 controlled substance state licensure and
12 then a federal DEA licensure.
13 So that's part of your
14 verification team?
15 A. Correct.
16 Q. You also state here that, on
17 the next page, in your suspicious order
18 monitoring due diligence process, Henry
19 Schein has a Know Your Customer DEA
20 overview.
21 What is that?
22 A. It's just something that we
23 provide to customers to explain our
24 process.

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1 Q. And is it a document?

2 A. Yes.

3 Q. Is it, like, a pamphlet? Is

4 it a booklet? What does it look like?

5 A. It's just a two-page, or a

6 one-page, front-and-back, document.

7 Q. Did you look at that in

8 preparation for today?

9 A. No.

10 Q. But it exists? If I were to

11 say, can you send me over the Henry

12 Schein Know Your Customer DEA overview as

13 of 2015, that exists in your files,

14 right?

15 A. Yes.

16 Q. Okay. The suspicious order,

17 due diligence suspicious order

18 monitoring, these are different things

19 that you look for, for verification,

20 correct?

21 A. Yes.

22 Q. One of them says, License

23 background review, disciplinary actions.

24 You do, at least as of 2015,

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1 look back to see whether or not there

2 have been any disciplinary, whether it be

3 licensure or, I assume, criminal

4 disciplinary actions for your customers,

5 correct?

6 A. Correct.

7 Q. And that information would

8 be in the due diligence file that we've

9 already talked about, right?

10 A. Right.

11 Q. You have an online

12 controlled substances form.

13 So you create an

14 Internet-based interface with the

15 clients, correct?

16 A. Correct.

17 Q. And there's a requirement

18 that the customer, at least as of 2015,

19 have a complete form, all fields are

20 filled in and an E-signature, right?

21 A. Right.

22 Q. And so for every customer,

23 in some accounting, for example, today,

24 there would be an online file relative to

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1 the due diligence for each and every

2 customer, correct?

3 A. Could be a paper version as

4 well.

5 Q. Okay. It wasn't always the

6 case that every customer had a due

7 diligence file, correct?

8 A. That's correct.

9 Q. We'll get into that.

10 And then onboarding is

11 bringing on a new client, right?

12 A. Right.

13 Q. On Page 4 of Exhibit-6,

14 there are some additional due diligence

15 requirements for bringing on a new client

16 as of 2015.

17 It says, Speaking with the

18 sales team and attending onboarding

19 conference calls.

20 So the sales team is part of

21 the onboarding process, right? They

22 bring in the new client?

23 A. Yes.

24 Q. And then you interact with

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1 the sales team in whether or not that

2 client, in fact, can be onboarded after

3 some due diligence, correct?

4 A. Correct.

5 Q. In 2015, the elements of

6 that due diligence for onboarding

7 included the questionnaire, correct?

8 A. And licensing.

9 Q. And licensing.

10 So they would have to fill

11 out a one-page questionnaire?

12 A. It became two pages.

13 Q. And then that questionnaire

14 goes in the due diligence file

15 immediately?

16 A. Yes.

17 Q. And then you would have to

18 go through a verification of the various

19 licenses for that state and federally,

20 correct?

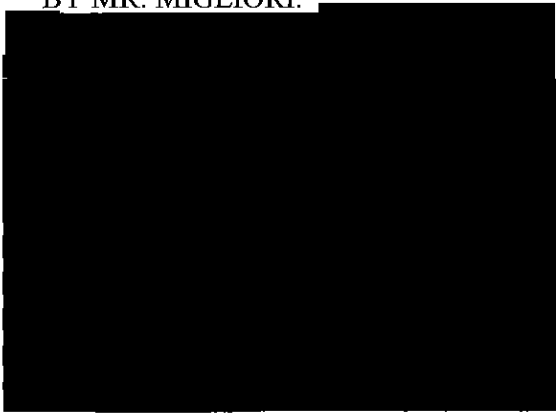
21 A. Correct.

22 Q. And then, finally, on this,

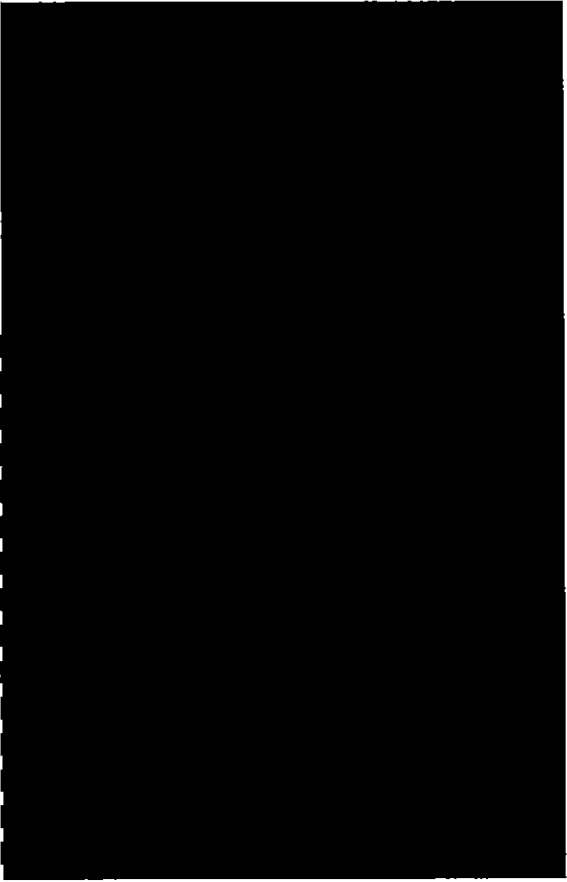

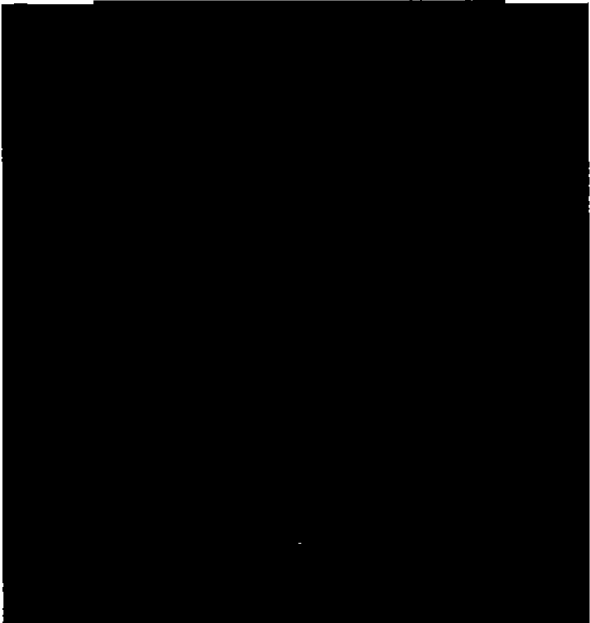
23 this is a list, at least in 2015, of the

24 people within verification. It lists you

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<p style="text-align: right;">Page 170</p> <p>1 as the verifications manager. 2 What does Maggie Wilding do? 3 A. She is the supervisor of our 4 team in Reno for verifications. 5 Q. Does she report to you? 6 A. Yes. 7 Q. So Reno reports, generally, 8 to the Melville facility? 9 A. To me, yes. 10 Q. You oversee all the 11 verifications? 12 A. Yes. 13 Q. Christine Stratton, she is a 14 suspicious order monitoring team lead. 15 What department is she in? 16 A. She is still in 17 verifications. 18 Q. And what does she do? What 19 does a team lead do? 20 A. So, currently, she actually 21 is a supervisor. But it would be her 22 role to assist in the SOM and Know Your 23 Customer processes. 24 Q. Is she a supervisor in New</p>	<p style="text-align: right;">Page 172</p> <p>1 First of all, is Judy still 2 there? 3 A. No. 4 Q. Does somebody else have that 5 role? 6 A. Yes. 7 Q. Who is that? 8 A. George Rodriguez. 9 Q. And what does a licensing 10 team lead do? 11 A. They work with the team on 12 verification for licensing credentials. 13 Q. And BriAnne is now a team 14 lead, an SOM team lead, but here it says, 15 Verifications, manage accounts. 16 What is that job title? 17 A. That was part of the 18 onboarding that we spoke of earlier. So 19 she would engage with the customer to set 20 expectations for coming over. 21 Q. Who is doing that now? 22 A. Brian Fishman. 23 Q. None of those folks have any 24 responsibilities with respect to the</p>
<p style="text-align: right;">Page 171</p> <p>1 York? 2 A. Yes. 3 Q. But she still reports to 4 you? 5 A. Yes. 6 Q. And Maggie, is she still the 7 supervisor in Reno? 8 A. Yes. 9 Q. How about Leah Mannino? 10 A. She is no longer with the 11 company. 12 Q. But she would have done the 13 same things that Christine was doing with 14 respect to team lead? 15 A. Yes. 16 Q. And she was in New York? 17 A. Yes. 18 Q. Has somebody filled in for 19 her now, that's there now? 20 A. Yes. 21 Q. Who is that? 22 A. BriAnne Elia. 23 Q. Judy Labarbera, a licensing 24 team lead.</p>	<p style="text-align: right;">Page 173</p> <p>1 database that you also manage, correct? 2 A. That's correct. 3 Q. I'll show you Exhibit Number 4 7. 5 - - - 6 (Whereupon, Exhibit 7 Schein-Abreu-7, 8 HSI-MDL-00000086-103, was marked 9 for identification.) 10 - - - 11 BY MR. MIGLIORI:  23 Q. And you've seen forms like 24 this? Every change to the standard</p>

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<p style="text-align: right;">Page 174</p> <p>1 operating procedures of Schein relative 2 to suspicious order monitoring is 3 reflected somehow -- to the extent that 4 it's a change that goes into the books, 5 is reflected in one of these forms, 6 correct? 7 A. Correct. 8 Q. We'll get into different 9 things here, but this is an SOM from this 10 year. It talks about some of the things 11 that we've already talked about today. 12 But for this purpose right 13 now, I just want to bring you to the page 14 that ends in 98. There's a list of 15 states that have reporting requirements. 16 And it appears that this has been added 17 to the SOP for Henry Schein for Ohio. 18 Have you reviewed this in 19 preparation for today? 20 A. Yes. 21 Q. So you'll see that the Ohio 22 requirements are separate and apart from 23 the DEA requirements. 24 You agree with that, right?</p>	<p style="text-align: right;">Page 176</p> 
<p style="text-align: right;">Page 175</p> <p>1 A. Yes. 2 Q. And here is the citation, 3 and it's a requirement for wholesalers. 4 You understand that Schein 5 is considered a wholesaler in this 6 context, correct? 7 A. Correct. 8 Q. And that the reporting 9 requirement is to the Ohio Board of 10 Pharmacy in Columbus, Ohio. 11 Do you see that? 12 A. Yes.</p> 	<p style="text-align: right;">Page 177</p> <p>1 So if the board asks for 2 something, you have to respond. 3 Do you recall ever having to 4 do that at Schein, that is, provide a 5 report to the board specifically upon 6 their request? 7 A. Not to my recollection, no.</p> 

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<p style="text-align: right;">Page 178</p> <p>[REDACTED]</p> <p>20 MR. JONES: Object to the</p> <p>21 form. Misstates the document.</p> <p>22 THE WITNESS: Are we talking</p> <p>23 with respect to Summit County or</p> <p>24 Ohio as a whole?</p>	<p style="text-align: right;">Page 180</p> <p>1 operating procedures of your company as</p> <p>2 being an unauthorized purchase.</p> <p>3 A. We have --</p> <p>4 MR. JONES: Same objections.</p> <p>5 THE WITNESS: We have</p> <p>6 restrictions in place.</p> <p>7 BY MR. MIGLIORI:</p> <p>8 Q. Yes.</p> <p>9 And one of the restrictions</p> <p>10 is, dentists don't normally prescribe</p> <p>11 anti-anxiety medications, correct?</p> <p>12 MR. JONES: Objection to</p> <p>13 form.</p> <p>14 THE WITNESS: Specifically</p> <p>15 to that example?</p> <p>16 BY MR. MIGLIORI:</p> <p>17 Q. Yes.</p> <p>18 A. Potentially.</p> <p>19 Q. In fact, there is a standard</p> <p>20 operating procedure that says that if a</p> <p>21 dentist is ordering anti-anxiety and</p> <p>22 controlled substances, like a morphine</p> <p>23 equivalence, that that is a red flag,</p> <p>24 correct?</p>
<p style="text-align: right;">Page 179</p> <p>1 BY MR. MIGLIORI:</p> <p>2 Q. I'm asking for Ohio.</p> <p>3 But if you only did it for</p> <p>4 Summit, you can tell me that.</p> <p>5 A. Yes, I did, I searched for</p> <p>6 Summit County.</p> <p>7 Q. And did you find any in</p> <p>8 Summit County?</p> <p>9 A. No.</p> <p>10 Q. And folks that would fall</p> <p>11 into the category of not being authorized</p> <p>12 to use drugs would include, for example,</p> <p>13 an orthodontist should not be ordering</p> <p>14 things like anti-anxiety medication,</p> <p>15 correct? Is that within the system?</p> <p>16 MR. JONES: Objection to</p> <p>17 form. Lack of foundation. Calls</p> <p>18 for a legal conclusion.</p> <p>19 THE WITNESS: Arbitrarily or</p> <p>20 regarding that specific example</p> <p>21 you gave?</p> <p>22 BY MR. MIGLIORI:</p> <p>23 Q. Isn't that -- I'm giving you</p> <p>24 an example as something in the standard</p>	<p style="text-align: right;">Page 181</p> <p>1 A. I'm not sure about that.</p> <p>2 MR. JONES: Objection.</p> <p>3 BY MR. MIGLIORI:</p> <p>4 Q. One of the practices, or one</p> <p>5 of the policies and procedures that</p> <p>6 Schein adopted more recently is that</p> <p>7 doctors can't self-medicate or order</p> <p>8 controlled substances for their own</p> <p>9 personal use. Isn't that one of the</p> <p>10 Schein policies?</p> <p>11 A. That's one of our policies.</p> <p>12 Q. Did you look, within the</p> <p>13 Ohio reporting databases, for any reports</p> <p>14 of doctors that you found, upon due</p> <p>15 diligence, were using opiates or morphine</p> <p>16 equivalents for self-medicating purposes?</p> <p>17 A. With respect to Summit</p> <p>18 County?</p> <p>19 Q. I'm asking for Ohio, but you</p> <p>20 can limit it to what you looked for.</p> <p>21 A. With respect to Summit</p> <p>22 County, no.</p> <p>23 Q. So with respect to Summit</p> <p>24 County, you did look for it and you did</p>

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<p style="text-align: right;">Page 182</p> <p>1 not find any?</p> <p>2 A. Correct.</p> <p>3 Q. If, in fact, though, you had</p> <p>4 a doctor in Summit County that was</p> <p>5 self-medicating and you became aware of</p> <p>6 that, that fact would be, first, in the</p> <p>7 due diligence file, correct?</p> <p>8 A. Yes.</p> <p>9 Q. And by operation of law, you</p> <p>10 would have reported that to Ohio and to</p> <p>11 the DEA?</p> <p>12 A. Yes.</p> <p>13 Q. And that would have been</p> <p>14 reported as a suspicious order, correct?</p> <p>15 A. Correct.</p> <p>16 Q. And you've looked for both</p> <p>17 the DEA and Ohio, and you found none for</p> <p>18 Summit County?</p> <p>19 A. That's correct.</p> <p>20 Q. From 2009 to present?</p> <p>21 MR. JONES: Objection.</p> <p>22 VIDEO TECHNICIAN: The time</p> <p>23 is now 11:49 a.m. And we are</p> <p>24 going off the record.</p>	<p style="text-align: right;">Page 184</p> <p>1 on the bottom? That means we received it</p> <p>2 from your company.</p> <p>3 So you'll agree with me that</p> <p>4 Henry Schein, Inc., in fact, received and</p> <p>5 maintained in its files a copy of the</p> <p>6 September 27, 2006 letter -- I'll show</p> <p>7 the name -- from Joseph Rannazzisi,</p> <p>8 deputy assistant administrator, Office of</p> <p>9 Diversion Control?</p> <p>10 A. Yes.</p> <p>11 Q. As the letter states, it's</p> <p>12 being sent to every commercial entity</p> <p>13 registered with the Drug Enforcement</p> <p>14 Agency to distribute controlled</p> <p>15 substances.</p> <p>16 That would have included</p> <p>17 Schein in 2006, correct?</p> <p>18 A. Yes.</p> <p>19 Q. The purpose of this letter</p> <p>20 is to reiterate the responsibilities of</p> <p>21 controlled substance distributors in view</p> <p>22 of the prescription drug abuse problem</p> <p>23 our nation currently faces.</p> <p>24 You will agree with me that,</p>
<p style="text-align: right;">Page 183</p> <p>1 - - -</p> <p>2 (Whereupon, a brief recess</p> <p>3 was taken.)</p> <p>4 - - -</p> <p>5 VIDEO TECHNICIAN: The time</p> <p>6 is now 11:51 a.m. We are back on</p> <p>7 the record.</p> <p>8 - - -</p> <p>9 (Whereupon, Exhibit</p> <p>10 Schein-Abreu-8,</p> <p>11 HSI-MDL-00231455-458, was marked</p> <p>12 for identification.)</p> <p>13 - - -</p> <p>14 BY MR. MIGLIORI:</p> <p>15 Q. Let me show you -- we talked</p> <p>16 a little bit about the Rannazzisi</p> <p>17 letters. Let me show you Exhibit Number</p> <p>18 8.</p> <p>19 This is the Dear Registrant</p> <p>20 letter of September 27th, 2006.</p> <p>21 Have you reviewed this?</p> <p>22 A. Yes.</p> <p>23 Q. And you see that this</p> <p>24 document has actually got an HSI number</p>	<p style="text-align: right;">Page 185</p> <p>1 as of 2006, it was understood within the</p> <p>2 industry that the country was in a</p> <p>3 drug -- a prescription drug abuse</p> <p>4 national crisis --</p> <p>5 MR. JONES: Object to the</p> <p>6 form.</p> <p>7 BY MR. MIGLIORI:</p> <p>8 Q. -- wouldn't you?</p> <p>9 A. Yes.</p> <p>10 Q. And that this letter was</p> <p>11 not, on its face, designed to give new</p> <p>12 guidance, but it was to, as he puts it,</p> <p>13 reiterate the responsibilities of</p> <p>14 controlled substance distributors in view</p> <p>15 of that crisis.</p> <p>16 Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. All right. Rannazzisi says,</p> <p>19 As each of you undoubtedly -- is</p> <p>20 undoubtedly aware, the abuse of</p> <p>21 controlled prescription drugs is a</p> <p>22 serious and growing health problem in the</p> <p>23 country. DEA has an obligation to combat</p> <p>24 this problem, as one of the agency's core</p>

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1 functions is to prevent the diversion of
 2 controlled substances into illicit
 3 channels. And Congress assigned DEA to
 4 carry out this function through the
 5 enforcement of the Controlled Substances
 6 Act and the DEA regulations to implement
 7 that.

8 So on its face, Schein, you
 9 would agree, was aware that in 2006, at
 10 least, the purpose of the Controlled
 11 Substances Act was to prevent diversion
 12 of prescription drugs for illicit use and
 13 abuse, correct?

14 A. Correct.

15 Q. And, in fact, that
 16 relationship between the Controlled
 17 Substances Act and the abuse of
 18 prescription medications actually went
 19 back to 1971, as we saw, correct?

20 A. When it was initially
 21 written?

22 Q. Correct.

23 A. Yes.

24 Q. It says, in the middle of

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1 the next paragraph, Distributors are, of
 2 course, one of the key components of the
 3 distribution chain. If the closed system
 4 is to function properly, as Congress
 5 envisioned, distributors must be vigilant
 6 in deciding whether a prospective
 7 customer can be trusted to deliver
 8 controlled substances only for lawful
 9 purposes.

10 You'll agree with me that
 11 Henry Schein understood that the
 12 distributors play an important role in
 13 the prevention of diversion?

14 MR. JONES: Object to the
 15 form. It goes outside the scope.

16 MR. MIGLIORI: Well, that's
 17 directly referencing a Rannazzisi
 18 letter that's specifically
 19 referenced in the notice. So if
 20 you don't -- if you don't have an
 21 opinion on that, you can tell me
 22 that.

23 MR. JONES: It's also
 24 outside the scope, per Special

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1 Master Cohen's ruling in
 2 September.

3 MR. MIGLIORI: What part of
 4 the ruling? Because if I can
 5 avoid it, I will.

6 MR. JONES: Asking him about
 7 his -- about past, present
 8 interpretation, agreement or
 9 disagreement with statements made
 10 in the Rannazzisi letters.

11 I mean, we'll stipulate that
 12 that's what the letter says. But
 13 as far as you're going to ask him
 14 questions about what Henry Schein
 15 thinks or believes or disagrees
 16 with, then we're going to object
 17 to the scope.

18 BY MR. MIGLIORI:

19 Q. Well, I'm only going to ask
 20 you questions to the extent that this
 21 informs what the purpose of your
 22 suspicious order monitoring program is,
 23 okay? I'm not asking you to confirm that
 24 that's what Rannazzisi thought or what

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1 the company thought back in 2006 or
 2 before, okay?

3 It says that, The Controlled
 4 Substances Act uses a concept of
 5 registration as a primary means by which
 6 manufacturers, distributors, and
 7 practitioners are given legal authority
 8 to handle controlled substances.

9 So you understand that the
 10 registration of all of those entities is
 11 what allows the DEA to require reporting
 12 and detection of suspicious orders,
 13 right?

14 MR. JONES: Object to the
 15 form. Outside the scope.

16 BY MR. MIGLIORI:

17 Q. Do you understand that? If
 18 you're a registrant, that you have to
 19 comply with the Controlled Substances
 20 Act?

21 A. Yes.

22 MR. JONES: Same objection.

23 BY MR. MIGLIORI:

24 Q. All right. In the middle of

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<p>1 the second page, it says, The DEA 2 regulations require all distributors to 3 report suspicious orders of controlled 4 substances. Specifically, the 5 regulations state the registrant shall 6 design and operate a system to disclose 7 to the registrant suspicious orders of 8 controlled substances. The registrant 9 shall inform the field division of the 10 Office of the Administration in this area 11 of suspicious orders when discovered by 12 the registrant. Suspicious orders 13 include orders of unusual size, orders 14 deviating substantially from normal 15 pattern, and orders of unusual frequency. 16 So we read this earlier. 17 But you'll agree with me that Henry 18 Schein was in receipt of this specific 19 provision and requirement of the CSA of 20 Henry Schein relative to controlled 21 substances and its customers, correct? 22 MR. JONES: We'll stipulate 23 that Henry Schein received this 24 Rannazzisi letter on or about when</p>	<p>1 Now, do you understand that 2 to mean that a suspicious order requires 3 due diligence in order for it to be 4 determined to be suspicious? 5 MR. JONES: Object to the 6 form. Object. Goes specifically 7 and expressly outside the scope 8 that is allowed by the special 9 master's order. 10 You can ask him in his 11 individual capacity. But this is 12 going outside the scope for which 13 this witness is here and outside 14 what the court has allowed. 15 MR. MIGLIORI: That's fine. 16 I've got your objection. 17 And if that's what's ruled, 18 that this is his individual 19 capacity, I'm okay with that. 20 BY MR. MIGLIORI: 21 Q. But I'm asking you, as your 22 capacity here, in regards to the stated 23 area of inquiry about the Rannazzisi 24 letter, would you agree with me that, at</p>
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<p>1 it was dated. 2 Otherwise, I object -- 3 MR. MIGLIORI: You can 4 answer. 5 MR. JONES: Otherwise, I 6 object to the question as outside 7 the scope. The document speaks 8 for itself. 9 MR. MIGLIORI: Okay. And 10 I'll note that. 11 BY MR. MIGLIORI: 12 Q. You see that, in fact, 13 Schein received this excerpt in 2016 in 14 this Rannazzisi letter, correct? 15 A. Correct. 16 Q. You'll also see it says, in 17 the next -- two following paragraphs, it 18 says, Thus, in addition to reporting all 19 suspicious orders, a distributor has a 20 statutory responsibility to exercise due 21 diligence to avoid filling suspicious 22 orders that might be diverted into 23 other-than-legitimate medical, scientific 24 and industrial channels.</p>	<p>1 least as of 2006, Henry Schein was put on 2 notice that the reporting requirement of 3 a suspicious order was separate and 4 distinct from the obligation to perform 5 due diligence? 6 MR. JONES: Objection. 7 Form. Calls for legal conclusion. 8 Outside the scope. Runs afoul of 9 the court's order. 10 BY MR. MIGLIORI: 11 Q. Sir, you can answer. And 12 the court will determine whether you 13 answer it just for you or for the 14 company. 15 A. Yes. 16 Q. Okay. So at least according 17 to this letter that Schein received in 18 2006, once something deviated from an 19 unusual size, pattern or frequency, that 20 was, by the DEA's perspective, a 21 suspicious order that needed to be 22 reported, and that was separate and 23 distinct from the obligation to then do 24 due diligence to see whether or not that</p>

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<p style="text-align: right;">Page 194</p> <p>1 order could be shipped?</p> <p>2 Would you agree with me that</p> <p>3 that's at least what Schein has been put</p> <p>4 on notice of in 2006?</p> <p>5 MR. JONES: Object to the</p> <p>6 form. Object. Compound. Calls</p> <p>7 for a legal conclusion. Outside</p> <p>8 the scope. Calls for speculation.</p> <p>9 The document speaks for itself.</p> <p>10 BY MR. MIGLIORI:</p> <p>11 Q. Go ahead.</p> <p>12 A. I'm sorry, can you restate</p> <p>13 the question?</p> <p>14 Q. Sure.</p> <p>15 MR. MIGLIORI: And I'll</p> <p>16 accept the objection that comes</p> <p>17 back as well.</p> <p>18 BY MR. MIGLIORI:</p> <p>19 Q. You'll agree with me that at</p> <p>20 least with respect to this letter that</p> <p>21 Schein received in 2006, it made it clear</p> <p>22 that a suspicious order was a deviation</p> <p>23 of size, frequency and pattern, and that</p> <p>24 alone had to be reported; separate and</p>	<p style="text-align: right;">Page 196</p> <p>1 form. Lack of foundation. Vague.</p> <p>2 Outside the scope. Calls for a</p> <p>3 legal conclusion.</p> <p>4 BY MR. MIGLIORI:</p> <p>5 Q. Go ahead.</p> <p>6 A. We reported orders that were</p> <p>7 deemed suspicious.</p> <p>8 Q. Right. I understand that.</p> <p>9 I'm trying to figure out by which</p> <p>10 definition.</p> <p>11 The definition in this</p> <p>12 Exhibit-7 that I'm reading from right</p> <p>13 now, where -- I'm sorry, Exhibit-8, where</p> <p>14 a suspicious order needs to be reported</p> <p>15 if it's in deviation of size, pattern or</p> <p>16 frequency at the time that that deviation</p> <p>17 is discovered, that's what's said here in</p> <p>18 this letter, correct?</p> <p>19 MR. JONES: Objection.</p> <p>20 Form. Document speaks for itself.</p> <p>21 BY MR. MIGLIORI:</p> <p>22 Q. Go ahead.</p> <p>23 A. Correct.</p> <p>24 Q. Schein reported it as a</p>
<p style="text-align: right;">Page 195</p> <p>1 distinct from that, there was an</p> <p>2 obligation to then do due diligence?</p> <p>3 That's at least what the DEA</p> <p>4 is telling Schein here in 2006, correct?</p> <p>5 MR. JONES: Same objections.</p> <p>6 THE WITNESS: Yes.</p> <p>7 BY MR. MIGLIORI:</p> <p>8 Q. That system, though, was not</p> <p>9 put in place at Schein where the</p> <p>10 reporting occurred before due diligence</p> <p>11 until, I think you said, after the</p> <p>12 Masters decision, correct?</p> <p>13 MR. JONES: Objection.</p> <p>14 Vague. Objection as to time.</p> <p>15 THE WITNESS: So what time</p> <p>16 periods are you referring to?</p> <p>17 BY MR. MIGLIORI:</p> <p>18 Q. The Schein system didn't</p> <p>19 report that way, that is, suspicious</p> <p>20 orders the way it's described here in the</p> <p>21 Rannazzisi letter, didn't report that way</p> <p>22 to DEA until after the Masters decision</p> <p>23 in 2017, correct?</p> <p>24 MR. JONES: Object to the</p>	<p style="text-align: right;">Page 197</p> <p>1 suspicious order to DEA only after it did</p> <p>2 due diligence and determined that it was</p> <p>3 suspicious, until the Masters decision in</p> <p>4 2017, correct?</p> <p>5 A. Correct.</p> <p>6 MR. JONES: Asked and</p> <p>7 answered. Objection. Asked and</p> <p>8 answered.</p> <p>9 BY MR. MIGLIORI:</p> <p>10 Q. Only after Masters did</p> <p>11 Schein begin to report suspicious orders</p> <p>12 when they deviated from size, pattern and</p> <p>13 frequency and then performed due</p> <p>14 diligence to determine whether or not to</p> <p>15 ship the order, correct?</p> <p>16 A. Correct.</p> <p>17 Q. The letter goes on to say,</p> <p>18 In a similar vein, given the requirement</p> <p>19 under Section 823(e) that a distributor</p> <p>20 maintain effective controls against</p> <p>21 diversion, a distributor may not simply</p> <p>22 rely on the fact that the person placing</p> <p>23 the suspicious order is a DEA registrant</p> <p>24 and turn a blind eye to the suspicious</p>

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<p style="text-align: right;">Page 198</p> <p>1 circumstances.</p> <p>2 So verification in and of</p> <p>3 itself is not due diligence; is that a</p> <p>4 fair statement?</p> <p>5 MR. JONES: Objection.</p> <p>6 Form. Vague. Overly broad.</p> <p>7 Misstates the document.</p> <p>8 BY MR. MIGLIORI:</p> <p>9 Q. Will you agree with that?</p> <p>10 A. License verification?</p> <p>11 Q. Yes.</p> <p>12 A. Yes.</p> <p>13 Q. So the fact, merely, that</p> <p>14 somebody has a DEA registration, one of</p> <p>15 the customers of Schein, or is registered</p> <p>16 with the Ohio Board of Pharmacy, that</p> <p>17 process, while it's part of your due</p> <p>18 diligence to make sure they, in fact, are</p> <p>19 licensed, that is not a sufficient amount</p> <p>20 of due diligence at any time from 1996 to</p> <p>21 present, that's not enough due diligence</p> <p>22 at any level, correct?</p> <p>23 MR. JONES: Object as to</p> <p>24 form. Overly broad. Vague.</p>	<p style="text-align: right;">Page 200</p> <p>1 Form. Vague. Overly broad.</p> <p>2 Compound.</p> <p>3 BY MR. MIGLIORI:</p> <p>4 Q. Is that correct?</p> <p>5 A. Correct.</p> <p>6 Q. All right. And then this</p> <p>7 same letter in 2006 lists certain</p> <p>8 activities that should raise suspicions</p> <p>9 of a concern, at least, for diversion of</p> <p>10 controlled substances.</p> <p>11 Do you see that?</p> <p>12 A. Yes.</p> <p>13 Q. And if you go through some</p> <p>14 of these, ordering excessive quantities</p> <p>15 of a limited variety of controlled</p> <p>16 substances while ordering few, if any,</p> <p>17 other drugs; that will be a red flag,</p> <p>18 correct?</p> <p>19 A. A potential red flag, yes.</p> <p>20 Q. And in terms of putting that</p> <p>21 into the Henry Schein due diligence</p> <p>22 program, that really started some time in</p> <p>23 2011 and '12, correct?</p> <p>24 MR. JONES: Objection.</p>
<p style="text-align: right;">Page 199</p> <p>1 THE WITNESS: Correct.</p> <p>2 BY MR. MIGLIORI:</p> <p>3 Q. Do you want me to restate</p> <p>4 it?</p> <p>5 A. No.</p> <p>6 Yes.</p> <p>7 Q. So if we were to start in</p> <p>8 1996, due diligence has always been more</p> <p>9 than just verification, according to the</p> <p>10 Controlled Substances Act, correct?</p> <p>11 A. Which time are you talking</p> <p>12 about? The time period from --</p> <p>13 Q. From 1996 on.</p> <p>14 A. Yes.</p> <p>15 Q. That is, because you had a</p> <p>16 license, you were required to design a</p> <p>17 system and monitor a system, but the mere</p> <p>18 fact of a physician or a healthcare</p> <p>19 provider having a license, that wasn't,</p> <p>20 by itself, sufficient due diligence with</p> <p>21 respect to investigating what could</p> <p>22 potentially be a suspicious order,</p> <p>23 correct?</p> <p>24 MR. JONES: Objection.</p>	<p style="text-align: right;">Page 201</p> <p>1 Form.</p> <p>2 THE WITNESS: So when you</p> <p>3 say "in part of that program"?</p> <p>4 BY MR. MIGLIORI:</p> <p>5 Q. So the initial due diligence</p> <p>6 program that we talked about was really</p> <p>7 if an order triggered and became pended</p> <p>8 in the Henry Schein system, a form -- a</p> <p>9 one-page form would be mailed out to the</p> <p>10 doctor -- let's start in 2006 -- a</p> <p>11 one-page form would be sent out to the</p> <p>12 doctor, the doctor would send it back</p> <p>13 filling in the different information</p> <p>14 requested.</p> <p>15 And that would be a basis</p> <p>16 for a determination about whether an</p> <p>17 order was suspicious; is that true?</p> <p>18 A. True.</p> <p>19 Q. That system evolved, as you</p> <p>20 said, over time.</p> <p>21 And the on-site visits and</p> <p>22 the phone calls and the Internet</p> <p>23 searches, that really began around 2012,</p> <p>24 correct?</p>

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1 A. That's right.

2 Q. And in 2012, you would look

3 at factors like the -- let's see,

4 ordering excessive quantities of a

5 limited variety of controlled substance

6 in combination with excessive quantity of

7 lifestyle drugs.

8 Sort of the analysis of

9 dispensing history and on-site visits,

10 that really was an evolution of the Know

11 Your Customer policies that began in

12 2012, ramping up to 2015, right?

13 MR. JONES: Objection.

14 Form. Overly broad. Vague.

15 BY MR. MIGLIORI:

16 Q. Is that right?

17 A. It may have been prior to

18 that. I don't remember the exact year.

19 Q. Well, you know that the

20 suspicious order monitoring program

21 revision that started to look at the due

22 diligence component began in 2009.

23 Have you heard of the

24 company Buzzeo?

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1 A. Yes.

2 Q. Did you ever work with

3 Buzzeo?

4 A. Yes.

5 Q. And Buzzeo was brought in to

6 help redesign the suspicious order

7 monitoring program and develop the Know

8 Your Customer component as part of its

9 charge, correct?

10 A. Yes.

11 Q. And that charge, really, was

12 investigated and analyzed over time; but

13 it really wasn't until 2010, '11, '12,

14 that those aspects of Know Your Customer

15 were codified in changes to the standard

16 operating procedures, correct?

17 MR. JONES: Object to form.

18 Overly broad. Object as to time.

19 BY MR. MIGLIORI:

20 Q. Is that correct?

21 A. Sounds right, yes.

22 MR. JONES: Don, lunch is

23 here, if you're at a transition

24 point.

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1 MR. MIGLIORI: How about,

2 let me -- just give me one second,

3 because it might cause me to cut

4 out some of these documents.

5 Can you give me ten minutes,

6 does that work?

7 MR. JONES: Ten minutes

8 to --

9 MR. MIGLIORI: Before we

10 break.

11 MR. JONES: Yes.

12 MR. MIGLIORI: Thanks.

13 This is Exhibit Number 9.

14 - - -

15 (Whereupon, Exhibit

16 Schein-Abreu-9,

17 HSI-MDL-000993112-115, was marked

18 for identification.)

19 - - -

20 BY MR. MIGLIORI:

21 Q. This is the February 7, 2007

22 Rannazzisi letter.

23 Again, this was -- if you

24 look at the bottom of this document, it's

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1 got the HSI number on it. So that's

2 produced to us by Henry Schein.

3 Do you see that?

4 A. Yes.

5 Q. I will simplify this by just

6 simply saying, you'll agree with me that

7 Henry Schein was, in fact, in receipt of

8 this particular Rannazzisi letter,

9 correct?

10 A. Right.

11 Q. And I'll accept that this

12 letter speaks for itself in its contents.

13 It does talk about the

14 obligations, though, of the distributor

15 of controlled substances, correct?

16 A. Yes.

17 Q. It uses the same term here

18 that the letter is to reiterate the

19 responsibilities, correct?

20 A. Yes.

21 Q. Meaning it's to remind the

22 company of the responsibilities, not to

23 state new responsibilities.

24 Do you understand that?